

**FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana**

**Annual Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 2007
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/13/08

MARY JO FINLEY, CPA, INC.

A PROFESSIONAL CORPORATION

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

Annual Financial Statements
With Independent Auditor's Report
As of and for the Year Ended December 31, 2007
With Supplemental Information Schedules

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MARY JO FINLEY, CPA, INC.

A PROFESSIONAL CORPORATION

116 Professional Drive - West Monroe, LA 71291

Phone (318) 329-8880 - Fax (318) 329-8883

Independent Auditor's Report

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

I have audited the basic financial statements of the Franklin Parish Library as of December 31, 2007, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Franklin Parish Library's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Franklin Parish Library as of December 31, 2007, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles.


Management's discussion and analysis, and supplementary information on pages 6 through 8 and 27 through 28, respectively are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information and reviewing the source of selected information. However, I did not audit the information and express no opinion on it.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Franklin Parish Library. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

FRANKLIN PARISH LIBRARY

Winnsboro, Louisiana
Independent Auditor's Report,
December 31, 2007

In accordance with *Government Auditing Standards*, I have also issued a report dated June 26, 2008, on the Franklin Parish Library's compliance with laws and regulations, and my consideration of the agency's internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

A handwritten signature in black ink, appearing to read "M. J. [unclear]".

West Monroe, Louisiana
June 26, 2008

REQUIRED SUPPLEMENTARY INFORMATION
PART I

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

Management's Discussion and Analysis
December 31, 2007

As management of the Franklin Parish Library, I offer readers of the Franklin Parish Library's financial statements this narrative overview and analysis of the financial activities of the Franklin Parish Library for the fiscal year ended December 31, 2007. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Library's basic financial statements. The annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Government-wide Financial Statements) provide information about the financial activities as a whole and illustrate a longer-term view of the Franklin Parish Library's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund (Fund Financial Statements) tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-Wide Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

Our auditor has provided assurance in her independent auditor's report that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

The Franklin Parish Library adopts an annual appropriated budget for the general fund. A budgetary comparison statement is provided for the major fund to demonstrate compliance with this budget.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Franklin Parish Library's performance.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Franklin Parish Library exceeded liabilities by \$1,640,005. Approximately 66% of the Franklin Parish Library's net assets reflects its investment in

capital assets (e.g., equipment), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending.

The balance in unrestricted net assets is affected by two factors: 1) resources expended, over time, by the Franklin Parish Library to acquire capital assets from sources other than internally generated funds (i.e., debt), and 2) required depreciation on assets being included in the statement of net assets.

STATEMENT OF NET ASSETS
Governmental Funds

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$219,501	\$563,597
Receivables	387,424	378,481
Due from employee		7,244
Capital assets (not depreciated)	672,726	705,460
Capital assets (net of accumulated depreciation)	<u>417,093</u>	<u>136,626</u>
TOTAL ASSETS	<u><u>\$1,696,744</u></u>	<u><u>\$1,791,408</u></u>
LIABILITIES		
Accounts payable	\$7,961	\$9,697
Credit Card payable		7,244
Compensated absences payable	1,768	2,437
Deferred revenue	<u>47,010</u>	<u>39,396</u>
TOTAL LIABILITIES	<u><u>56,739</u></u>	<u><u>58,774</u></u>
NET ASSETS		
Invested in capital assets, net of related debt	1,089,819	842,086
Unrestricted	<u>550,186</u>	<u>890,548</u>
TOTAL NET ASSETS	<u><u>\$1,640,005</u></u>	<u><u>\$1,732,634</u></u>

STATEMENT OF ACTIVITIES

	<u>2007</u>	<u>2006</u>
Culture and recreation:		
Personal services	\$296,956	\$295,966
Operating services	109,290	102,075
Materials and supplies	29,916	30,970
Travel	4,028	5,691
Intergovernmental	16,142	13,125
Depreciation expense	<u>55,555</u>	<u>43,529</u>
Total Program Expenses	<u><u>511,887</u></u>	<u><u>491,356</u></u>
Program revenues:		
Fees and charges for library services	3,926	4,069
Fines and forfeitures	5,309	5,235
Miscellaneous fees	<u>10,443</u>	<u>7,672</u>
Total program revenues	<u><u>19,678</u></u>	<u><u>16,976</u></u>
Net Program Expenses	<u><u>(492,209)</u></u>	<u><u>(474,380)</u></u>
General revenues		
Taxes - ad valorem	388,187	374,929
Intergovernmental:		
State revenue sharing	40,000	39,218
Other state grants	29,674	39,184
Interest earned	15,162	17,613
Special item - loss on disposal of assets	<u>(73,443)</u>	<u>(27,130)</u>
Total general revenues	<u><u>399,580</u></u>	<u><u>443,814</u></u>
Change in Net Assets	<u><u>(92,629)</u></u>	<u><u>(30,566)</u></u>
Net Assets - Beginning of year	<u><u>1,732,634</u></u>	<u><u>1,763,200</u></u>
Net Assets - End of year	<u><u>\$1,640,005</u></u>	<u><u>\$1,732,634</u></u>

Financial Analysis of the Government's Funds

As noted earlier, the Franklin Parish Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2007, the General Fund unreserved, undesignated fund balance of \$551,954 showed a decrease of approximately \$341,032 over December 31, 2006.

General Fund Budgetary Highlights

The primary difference between expenditures of the December 31, 2007 original budget and the final budget was due to an increase in capital outlay.

Capital Asset and Debt Administration

Capital assets. The Franklin Parish Library's investment in capital assets for its governmental activities as of December 31, 2007, amounts to \$1,089,819 (net of accumulated depreciation). This investment includes furniture and equipment, automation and library materials (which are not depreciated). The increase in capital assets for the year ended 2007 was \$376,732. The reduction in capital assets was \$73,443 which consisted of library materials.

Long-term debt. At the end of the fiscal year, Franklin Parish Library had \$1,768 debt outstanding, consisting of compensated absences.

Requests for Information

This financial report is designed to provide a general overview of the Franklin Parish Library's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Franklin Parish Library, 705 Prairie Street, Winnsboro, LA 71295.

BASIC FINANCIAL STATEMENTS

Statement A**FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana****STATEMENT OF NET ASSETS
December 31, 2007****ASSETS**

Cash and cash equivalents	\$219,501
Receivables	387,424
Capital assets (not depreciated)	672,726
Capital assets (net of accumulated depreciation)	<u>417,093</u>
TOTAL ASSETS	<u>\$1,696,744</u>

LIABILITIES

Accounts payable	\$7,961
Compensated absences payable	1,768
Deferred revenue - Protested taxes	<u>47,010</u>
TOTAL LIABILITIES	<u>56,739</u>

NET ASSETS

Invested in capital assets, net of related debt	1,089,819
Unrestricted	<u>550,186</u>
TOTAL NET ASSETS	<u>\$1,640,005</u>

The accompanying notes are an integral part of this statement.

Statement B**FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana****STATEMENT OF ACTIVITIES
December 31, 2007**

Culture and recreation:	
Personal services	\$296,956
Operating services	109,290
Materials and supplies	29,916
Travel	4,028
Intergovernmental	16,142
Depreciation expense	55,555
Total Program Expenses	<u>511,887</u>
Program revenues:	
Fees and charges for library services	3,926
Fines and forfeitures	5,309
Miscellaneous fees	10,443
Total program revenues	<u>19,678</u>
Net Program Expenses	<u>(492,209)</u>
General revenues	
Taxes - ad valorem	388,187
Intergovernmental:	
State revenue sharing	40,000
Other state grants	29,674
Interest earned	15,162
Special item - loss on disposal of assets	<u>(73,443)</u>
Total general revenues	399,580
Change in Net Assets	(92,629)
Net Assets - Beginning of year	<u>1,732,634</u>
Net Assets - End of year	<u>\$1,640,005</u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana
GOVERNMENTAL FUNDS

Balance Sheet, December 31, 2007

ASSETS

Cash and cash equivalents	\$219,501
Receivables	<u>387,424</u>
TOTAL ASSETS	<u>\$606,925</u>

LIABILITIES AND FUND EQUITY

Liabilities:

Accounts payable	\$7,961
Deferred revenue - Protested taxes	<u>47,010</u>
TOTAL LIABILITIES	54,971

Fund Equity - fund balances -
unreserved - undesignated

551,954

TOTAL LIABILITIES AND FUND EQUITY

\$606,925

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Assets

For the Year Ended December 31, 2007

Total Fund Balances - Governmental Funds (Statement C)		<u>\$551,954</u>
Cost of capital assets	\$1,515,782	
Less: Accumulated depreciation	<u>(425,963)</u>	<u>1,089,819</u>
Long term liabilities - Compensated absences payable		<u>(1,768)</u>
Net Assets (Statement A)		<u><u>\$1,640,005</u></u>

The accompanying notes are an integral part of this statement.

Statement D

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana
GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures,
and Changes in Fund Balances

For the Year Ended December 31, 2007

REVENUES

Taxes - ad valorem	\$388,187
Intergovernmental revenues:	
State revenue sharing	40,000
Other state grants	29,674
Fees and charges for library services	3,926
Fines and forfeitures	5,309
Use of money and property - interest earnings	15,162
Other revenues	10,443
Total revenues	<u>492,701</u>

EXPENDITURES

Culture and recreation:	
Current:	
Personal services	297,625
Operating services	109,290
Materials and supplies	29,916
Travel and other charges	4,028
Capital outlay	376,732
Intergovernmental	16,142
Total expenditures	<u>833,733</u>

EXCESS (Deficiency) OF REVENUES

OVER EXPENDITURES (341,032)

FUND BALANCES AT BEGINNING OF YEAR	<u>892,986</u>
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FUND BALANCES AT END OF YEAR	<u><u>\$551,954</u></u>
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The accompanying notes are an integral part of this statement.

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

Reconciliation of Governmental Funds
Statement of Revenue, Expenditures, and Changes
in Fund Balances to the Statement of Activities

For the Year Ended December 31, 2007

Total net change in fund balances - governmental funds (Statement D)	(\$341,032)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation for the period.	321,177
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Governmental funds do not report gain or loss on disposition of assets. However, in the Statement of Activities, any gain or loss on the disposal of assets is reported.	(73,443)
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In the Statement of Activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	<u>669</u>
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Change in net assets of governmental activities (Statement B)	<u><u>(\$92,629)</u></u>
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The accompanying notes are an integral part of this statement.

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

Notes to the Financial Statements
As of and For the Year Ended December 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Franklin Parish Library was established by the Franklin Parish Police Jury, under the provisions of Louisiana Revised Statute 25:211. The library provides citizens of the parish access to library materials, books, magazines, records, and films. The library is governed by a board of control which is appointed by the parish police jury in accordance with the provisions of Louisiana Revised Statute 25:214. The members of the board of control serve without compensation.

The accompanying financial statements of the Franklin Parish Library have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis -for State and Local Governments*, issued in June 1999.

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Franklin Parish Police Jury is the financial reporting entity for Franklin Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Franklin Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the police jury to impose its will on that organization and/or

FRANKLIN PARISH LIBRARY

Winnsboro, Louisiana

Notes to the Financial Statements (Continued)

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
- 2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
- 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints the library board of control and the library provides services to all residents of Franklin Parish, the Franklin Parish Library was determined to be a component unit of the Franklin Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the library and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**B. BASIC FINANCIAL STATEMENTS-
GOVERNMENT-WIDE STATEMENTS**

The library's basic financial statements include both government-wide (reporting the library as a whole) and fund financial statements (reporting the library's major fund). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the library are classified as governmental.

The Statement of Net Assets (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the library.

In the Statement of Net Assets, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net assets are reported in three parts; invested in capital assets, net of any related debt; restricted net assets; and unrestricted net assets. The library first uses restricted resources to finance qualifying activities.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized

FRANKLIN PARISH LIBRARY

Winnsboro, Louisiana

Notes to the Financial Statements (Continued)

when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the library's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed from the library's general revenues.

Allocation of Indirect Expenses - The library reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Depreciation on buildings is assigned to the "general administration" function due to the fact that buildings serve multiple purposes. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the library are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Fund financial statements report detailed information about the library. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term debt) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service

FRANKLIN PARISH LIBRARY

Winnsboro, Louisiana

Notes to the Financial Statements (Continued)

charges or user fees. Fiduciary funds are used to account for assets held for others. The library's current operations require only the use of governmental funds (General Fund). Revenues of the General Fund include ad valorem taxes, state revenue sharing, fees, fines and forfeitures, and interest earnings. General operating expenditures are paid from this fund.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds and the fiduciary type agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The library considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

FRANKLIN PARISH LIBRARY

Winnsboro, Louisiana

Notes to the Financial Statements (Continued)

Revenues

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, attach as an enforceable lien, and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

Fees, fines, and forfeitures are recorded when the library is entitled to the funds.

Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Interest income on demand deposits is recorded monthly when the interest is earned and credited to the account.

Based on the above criteria, ad valorem taxes, state revenue sharing, and fees, fines, and forfeitures have been treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. CASH AND CASH EQUIVALENTS

Under state law, the library may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2007, the library has cash and cash equivalents (book balances) totaling \$219,501.

Demand deposits	\$96,304
Petty cash	123,122
Time deposits	75
Total	<u>\$219,501</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or

FRANKLIN PARISH LIBRARY

Winnsboro, Louisiana

Notes to the Financial Statements (Continued)

the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at December 31, 2007, are secured as follows:

Bank balances	<u>\$240,215</u>
Federal deposit insurance	\$224,663
Pledged securities (uncollateralized)	<u>720,169</u>
Total	<u>\$944,832</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the library, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106. However, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the library that the fiscal agent bank has failed to pay deposited funds upon demand. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the library's name.

F. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The library maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are reported in the government-wide financial statements but not in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the library, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	20 - 40 years
Furniture and fixtures	5 - 10 years
Vehicles	5 - 15 years
Equipment	5 - 20 years

FRANKLIN PARISH LIBRARY

Winnsboro, Louisiana

Notes to the Financial Statements (Continued)

G. ANNUAL AND SICK LEAVE

Employees receive from four to twenty-two days of vacation leave each year, depending on length of service and professional status. Sick leave is earned at the rate of twelve days each year and employees may accumulate sick leave not to exceed thirty-six days. Upon separation of service, employees are compensated for accumulated vacation leave up to a maximum of five days, but are not compensated for sick leave. Full-time employees receive one day per quarter for personal leave.

At December 31, 2007, employees of the library have accumulated and vested \$1,768 of employee leave benefits, computed in accordance with GASB Codification Section C60. This amount is recorded as a general long-term obligation in the accompanying financial statements.

H. RISK MANAGEMENT

The library is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the library maintains a commercial insurance policy covering property, general liability, employee fidelity, and workmen's compensation. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2007.

2. LEVIED TAXES

The ad valorem tax millage levied by the library was 7.34 mills for the year ended December 31, 2007. The authorized millage for the year ended December 31, 2007, was 7.43 mills for the year. The current tax expires in 2010. The difference between authorized and levied millages is the result of reassessments of taxable property within the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974. The following are the principal taxpayers for the parish and their 2007 assessed valuation:

	2007 Assessed Valuation	Percent of Total Assessed Valuation
Entergy Louisiana, Inc.	\$2,262,470	2.81%
Regency Intrastate	1,851,863	2.30%
Progressive Bank	1,562,330	1.94%
Bellsouth Telecommunications	1,504,340	1.87%

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana
Notes to the Financial Statements (Continued)

	2007 Assessed Valuation	Percent of Total Assessed Valuation
Tennessee Gas Pipeline Co.	\$1,449,130	1.80%
Northeast Louisiana Power Coop	1,416,560	1.76%
Columbia Gulf Transmission	1,256,470	1.56%
Winnsboro State Bank	1,206,845	1.50%
Ron's Warehouse Furniture	1,175,345	1.46%
ANR Pipeline Company	1,171,420	1.46%
Total	<u>\$14,856,773</u>	<u>18.45%</u>

3. RECEIVABLES

The General Fund receivables of \$387,424 at December 31, 2007, are as follows:

Class of receivables:

Taxes - ad valorem	\$357,916
Intergovernmental revenues - state revenue sharing (net)	<u>29,508</u>
Total	<u>\$387,424</u>

4. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2007, follows:

	Balance at January 1,	Additions	Deletions	Balance at December 31,
Furniture and equipment		\$328,583		\$328,583
Furniture and equipment	\$265,076	7,440		272,516
Library materials	705,460	40,709	(\$73,443)	672,726
Automation	241,957			241,957
Total Capital Assets	<u>1,212,493</u>	<u>376,732</u>	<u>(73,443)</u>	<u>1,515,782</u>
Less accumulated depreciation	<u>(370,408)</u>	<u>(55,555)</u>		<u>(425,963)</u>
Net Capital Assets	<u>\$842,085</u>	<u>\$321,177</u>	<u>(73,443)</u>	<u>\$1,089,819</u>

The library has elected not to depreciate library materials.

FRANKLIN PARISH LIBRARY

Winnsboro, Louisiana

Notes to the Financial Statements (Continued)

5. PENSION PLAN

Substantially all employees of the Franklin Parish Library are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the library are members of Plan A.

All permanent employees working at least twenty-eight hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one per cent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980, plus 3 per cent of final-average salary for each salary for each year of service credited after the revision date. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefits accrued to their date of termination. The system also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System of Louisiana, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Under Plan A, members are required by state statute to contribute 9.50 per cent of their annual covered salary and the Franklin Parish Library is required to contribute at an actuarially determined rate. The current rate is 13.25 per cent of annual covered payroll. Contributions to the system also include one-fourth of one per cent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Franklin Parish Library are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Franklin Parish Library's contributions to the System under Plan A for the years ending December 31, 2007, 2006, and 2005, were \$24,098, \$21,944 and \$19,087, respectively, equal to the required contributions for each year.

FRANKLIN PARISH LIBRARY

Winnsboro, Louisiana

Notes to the Financial Statements (Continued)

**6. CHANGES IN GENERAL LONG-TERM OBLIGATIONS -
COMPENSATED ABSENCES PAYABLE**

Long-term obligations at January 1, 2007	\$2,437
Additions	7,723
Deletions	(8,514)
Adjustments ¹	<u>122</u>
Long-term obligations at December 31, 2007	<u>\$1,768</u>

¹As discussed in note 1G, upon separation from employment, employees are paid for accumulated leave at their current rate of pay. The adjustment is for the purpose of adjusting amounts for annual leave resulting from the differences between beginning and ending rates of pay.

7. LITIGATION AND CLAIMS

The Franklin Parish Library is not involved in any litigation at December 31, 2007, nor is it aware of any unasserted claims.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2007

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Taxes - ad valorem	\$383,059	\$383,059	\$388,187	\$5,128
Intergovernmental revenues:				
State revenue sharing	36,000	36,000	40,000	4,000
Other state grants	13,000	13,000	29,674	16,674
Fees and charges for library services	2,700	2,700	3,926	1,226
Fines and forfeitures	4,100	4,100	5,309	1,209
Use of money and property - interest earnings	13,200	13,200	15,162	1,962
Other revenues	4,500	4,500	10,443	5,943
Total revenues	<u>456,559</u>	<u>456,559</u>	<u>492,701</u>	<u>36,142</u>
EXPENDITURES				
Culture and recreation:				
Current:				
Personal services and related benefits	320,514	320,514	297,625	22,889
Operating services	77,645	77,645	109,290	(31,645)
Materials and supplies	18,000	18,000	29,916	(11,916)
Travel and other charges	3,400	3,400	4,028	(628)
Capital outlay	47,000	375,680	376,732	(1,052)
Intergovernmental	15,000	15,000	16,142	(1,142)
Total expenditures	<u>481,559</u>	<u>810,239</u>	<u>833,733</u>	<u>(23,494)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(25,000)	(353,680)	(341,032)	12,648
FUND BALANCE AT BEGINNING OF YEAR	<u>25,000</u>	<u>353,680</u>	<u>892,986</u>	<u>539,306</u>
FUND BALANCE AT END OF YEAR	<u>NONE</u>	<u>NONE</u>	<u>\$551,954</u>	<u>\$551,954</u>

See accompanying note to budgetary comparison schedule.

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

NOTE TO BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2007

A proposed budget, prepared on the modified accrual basis of accounting, is published in the official journal at least ten days prior to the public hearing. A public hearing is held at the Franklin Parish Library during the month of December for comments from taxpayers. The budget is then legally adopted by the board and amended during the year, as necessary. The budget is established and controlled by the board at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedule include the original adopted budget amounts and all subsequent amendments.

**REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
PART IV**

**Independent Auditor's Report Required
by *Government Auditing Standards***

The following independent auditor's report on compliance and internal control over financial reporting is presented in compliance with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

**Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance Government Auditing Standards**

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

I have audited the basic financial statements of the Franklin Parish Library as of and for the year ended December 31, 2007 and have issued my report thereon dated June 26, 2008. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Franklin Parish Library's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Franklin Parish Library's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Franklin Parish Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Franklin Parish Library's financial statements that is more than inconsequential will not be prevented or detected by the Franklin Parish Library's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Franklin Parish Library's internal control.

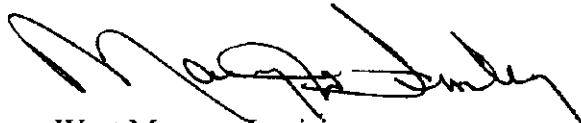
FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana
Independent Auditor's Report on Compliance
And Internal Control Over Financial Reporting, etc.
December 31, 2007

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Franklin Parish Library's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and is included as finding 07-01 in the accompanying schedule of audit findings.

This report is intended solely for the information and use of the Franklin Parish Library, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



West Monroe, Louisiana
June 26, 2008

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2007

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Franklin Parish Library.
2. One instance of noncompliance material to the financial statements of the Franklin Parish Library was disclosed during the audit.
3. No significant deficiencies relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

**Finding 07-01 Need to Comply with Louisiana Local
Government Budget Act**

Finding: The library's budget for the year ended 2007 was not adopted in a timely manner. LSA-RS 39:1305 requires the librarian to complete and submit a proposed budget to the board no later than fifteen days prior to the beginning of each fiscal year while LSA-RS 39:1309 requires the library board to adopt its budget prior to January 1st of the budget year. The budget adoption for the year ended December 31, 2007 was not advertised until February 28, 2008. The board did not comply with the adoption requirements of the budget act.

Recommendation: The librarian and board should familiarize themselves with and comply with all requirements of the Local Government Budget Act.

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2007

Finding 06-01 Need to Comply With Ethics Code

Finding: The Library did not comply with the ethics code. The librarian's brother performed work for the library.

Recommendation: In the future, the library board should refrain from entering into, or allowing any employee to enter into, any transactions involving employees or their immediate families which would cause a violation of the above referenced statute.

Status: This finding has been corrected.

**Finding 06-02 Need to Comply with Article VII, Section 14
of the Louisiana Constitution**

Finding: The Library did not comply Article VII, Section 14 of the Louisiana Constitution.

Recommendation: This matter should be turned over to the District Attorney for his review and consideration. Further, the board should adopt a formal policy prohibiting employees from obtaining credit cards or any other type of credit in the library's name without prior formal approval of the board.

Status: This finding has been corrected.

**Finding 06-03 Need to Comply with Louisiana Local
Government Budget Act**

Finding: The library did not comply with the local government budget act.

Recommendation: The librarian and board should familiarize themselves with and comply with all requirements of the Local Government Budget Act.

Status: This finding has not been corrected and is included in the current year Schedule of Audit Findings as Finding 07-01.

Finding 06-04 Need to Comply With IRS Regulations

Finding: The library did not comply with IRS Regulations. No 1099's were issued.

Recommendation: I recommend that the library require contractors and vendors to provide all information needed for preparation of federal and state tax forms. All appropriate federal and state tax forms should be prepared and issued in accordance with IRS and Louisiana Department of Revenue guidelines.

Status: This finding has been corrected.

Finding 06-05 Need Improved Internal Controls Over Assets

Finding: The librarian donated assets to a non profit organization.

Recommendation: The board should adopt a formal policy which provides that the board shall make all decisions concerning the determination of obsolete or surplus property, the donation of property, and that no employee shall make any donation without specific board approval.

Status: This finding has been corrected.



June 26, 2008

To Whom It May Concern:

This finding was corrected and the 2008 budget was advertised properly and the Library Director will continue to do so in the future.

Sincerely,

A handwritten signature in black ink that reads "John M. Guice". The signature is written in a cursive, flowing style.

John M. Guice
Vice President of
Library Board of Control